Legislative Analysis

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EXEMPTION FOR HOUSING FOR THE ELDERLY OR DISABLED

House Bill 4618 (Substitute H-1)
Sponsor: Rep. Margaret E. O'Brien
Committee: Tax Policy

Complete to 1-31-12

A SUMMARY OF HOUSE BILL 4618 AS REPORTED FROM COMMITTEE

The General Property Tax Act contains a tax exemption for nonprofit housing for the elderly or disabled. The exemption is granted by the local assessor. There is a process in the act by which the state government makes a payment in lieu of taxes to a local unit for revenue lost due to the exemption, except for state and local school operating taxes.

House Bill 4618 would allow the Department of Treasury to grant this property tax exemption for 2012 and the three immediately preceding years for property that would have qualified for the exemption under this section if the owner of the property had filed the required form in a timely manner in 2010. If granting the exemption results in an overpayment of the tax, a rebate would be made to the taxpayer by the local tax collecting unit or the county treasurer, depending on which office has possession of the tax roll. The rebate would have to be paid within 30 days after the exemption was granted. The rebate would be without interest.

BACKGROUND INFORMATION:

According to committee testimony, the bill is intended to apply to a single specific instance: an affordable housing complex for low-income adults with disabilities in Portage, Michigan, that due to unique circumstances, involving the timing of construction and occupancy, was unable to meet the initial deadline for filing for the property tax exemption for which it is qualified. As drafted the substitute bill would allow the Department of Treasury to go back and grant a property tax exemption for past years for this property. The application is limited to a nonprofit that failed to file in a timely manner in 2010.

FISCAL IMPACT:

Because the bill's application is so limited, the fiscal impact is expected to be minimal.

POSITIONS:

The Department of Treasury has indicated support for the bill. (1-25-12)

Representatives of the Gladys Street Apartments in Portage indicated support for the bill. (1-25-12)

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